BONNEVILLE
POWER ADMINISTRATION

Transmission Business Line (TBL)

NOTICE OF PROPOSED DEVIATIONS FROM FERC ORDER 2003-A

Posted on April 6, 2004

The Bonneville Power Administration's Transmission Business Line (TBL) is posting a red-lined version of Federal Energy Regulatory Commission (FERC) Order 2003-A's Large Generator Interconnection Procedures (LGIP) and Agreement (LGIA) for public comment. After considering all comments, TBL will make a compliance filing with FERC.

Interested parties will have thirty (30) business days from the date of this posting to review and submit comments and questions for consideration. All comments should be delivered to tblfeedback@bpa.gov.

The following are the more substantial deviations from the FERC LGIP and LGIA the TBL is proposing. TBL's red-lined version of the Order and the FERC Order itself can be accessed through the links provided below (see "Related Documents").

Large Generator Interconnection Procedures:

1. BPA proposes to eliminate the LGIP's provisions under which the interconnection customer may request that the transmission provider file an unexecuted interconnection agreement with FERC for resolution of disputes concerning the terms of the LGIA. See articles 3.4, 11.2, 11.3, and 11.4. To the extent that the interconnection agreement includes individualized terms, BPA believes that it is inappropriate for the commission to determine such terms for non-jurisdictional utilities.

   In addition, since the LGIA itself is standardized, the only items that should be subject to negotiations are the exhibits, which largely concern the technical issues surrounding the interconnection of the generator to the BPA transmission system. The BPA administrator has the statutory responsibility to maintain the reliability of the transmission system. BPA believes it is essential that the Administrator retain the authority to carry out this responsibility.

2. BPA has added provisions to ensure that it complies with the National Environmental Policy Act before offering any agreements pursuant to the LGIP. See articles 9 and 11.2.

3. BPA has deleted the provision under which FERC may resolve disputes regarding technical requirements for interconnection and direct the parties how to accomplish the interconnection. The BPA administrator is statutorily responsible for maintaining the reliability of the transmission system and has never delegated this authority outside of the agency. As BPA is a non-jurisdictional utility, FERC has not had the authority, or assumed the authority, to determine the terms and conditions of individual BPA contracts. See articles 11.2 through 11.4.

4. BPA has reformatted and added detail to the interconnection request form and the study agreement forms so that the generator knows exactly what information to submit, at what time. In addition, BPA has reduced the amount of technical data called for in Appendix 1, Attachment A that must be provided prior to beginning a feasibility study. BPA proposes to allow the interconnection customer to submit the remainder of the technical information called for in Appendix 1, Attachment A on or before commencing a system impact study. This gives the generator more time to submit this information. See article 6.1 and Appendices 1–4.

(continued)

Large Generator Interconnection Agreement:

1. BPA has deleted the provision for filing its agreements with FERC; as a non-jurisdictional utility, BPA does not file its contracts with FERC. See articles 2.1 and 2.3.3.
2. BPA has revised some provisions to conform with its reliability requirements and the Western Electricity Coordinating Council's. See articles 4.3, 4.3.1, 5.4, 6.4, 7.4, 9.2, 9.6.1, 9.6.2.1, and 9.7.4.1.
3. BPA has deleted the provision under which the transmission provider is liable for liquidated damages for failing to construct the interconnection facilities by a contractually agreed time. See articles 5.1.2 and 5.3. As a non-profit, cost-based utility, BPA believes it would be inappropriate to subject itself to damages for failing to construct facilities by a stated time even though it has used best efforts to complete the construction. In addition, FERC has said that liquidated damages will not be recoverable in rates. If this standard were applied to BPA, which has no shareholders, the burden of liquidated damages would fall on the U.S. taxpayer.
4. BPA has deleted the articles on income taxes, which do not apply. See articles 5.17 and 5.18.
5. BPA has not adopted the pricing policy in the LGIA under which all costs of network upgrades are directly assigned. Instead, for now BPA will continue to apply its existing direct assignment policy for the costs of new generation interconnections. BPA plans to hold a public process to evaluate whether to adopt the FERC pricing policy, and is evaluating the appropriate timing and scope of that process. See articles 11.3 and 11.4.
6. BPA has incorporated its standard language regarding environmental releases in order to ensure that it fulfills all of its responsibilities as a Federal agency. See article 23.
7. BPA has deleted the article on "Reservation of Rights" because as a non-jurisdictional utility, BPA is not subject to Sections 205 and 206 of the Federal Power Act. See Article 30.11.

If you have questions, please contact your transmission account executive or Brian Altman at (360) 619-6003 / bdaltman@bpa.gov or Steve Knudsen at (360) 418-2724 / fsknudsen@bpa.gov.

Related documents (posted at http://www2.transmission.bpa.gov/Business/Customer_Forums_and_Feedback/FERC_order_2003/):

- TBL red-lined version of FERC Order 2003-A
- FERC Order 2003-A